



May 17, 2019

The Honorable Bill de Blasio
Mayor, City of New York

Dear Mayor de Blasio:

We are writing on behalf of Robin Hood to share our deep concerns regarding the underfunding and late payment of the non-profit, human-services organizations that provide the safety net for millions of low-income New Yorkers. The inadequate and untimely compensation is threatening social services for the most marginalized people of our city.

Robin Hood, as a funder of more than 250 of the city's top non-profit organizations and in conjunction with the Human Services Council, strongly supports calls for you to join the City Council and to invest \$106 million in additional funding in the city's fiscal year 2020 budget to start closing the gap between human services providers' indirect costs and the city's contract reimbursement rates. While \$250 million is needed to adequately fund the implementation of your administration's new indirect costs manual, allocating \$106 million in FY2020 is a critical first step in recognizing that city contracts pay only 80 cents on the dollar or less of the true cost of providing the service. Robin Hood grants between \$120-\$140 million per year to non-profit organizations in every borough, providing early childhood development, job training, homeless shelters, health care, and other vital programs. One of the most damaging issues our community partners face is the city's inadequate and late payment of contracted social services. Delays in registration and payment divert these organizations' precious resources away from focusing on program delivery for the communities they serve.

While your creation of the Non-Profit Resiliency Committee was an important step in addressing city procurement, this initiative has yet to yield results in terms of cutting down the time between the award of contracts and registration for payment to implementing non-profit agencies. Successive reports by the City Comptroller analyzing contracts registration delays in FY2017 and FY2018 document the insufficient progress in expediting the procurement process for human-service organizations. According to the Comptroller's *Still Running Late: An Analysis of NYC Agency Contracts in Fiscal Year 2018* report, human-services contracts were registered an average of 221 days after their start date.

The city's delays cost real money and jeopardize the quality of services. An analysis by Sea Change Capital Partners, *New York City Contract Delays: Vol. 2, in Fiscal Year 2018*, found that these payment delays created a cash flow burden of approximately \$744 million on the nonprofits contracting with the city – worse than the previous year with an estimated \$675 million cash burden. In FY2018, 128 non-profit organizations faced cash flow burdens of \$1.0 million or more from late registration: 99 had burdens of between \$1.0 and \$5.0 million; 19 between \$5.0 million and \$10 million; and 10 of more than \$10 million. Non-profits are floating the city hundreds of millions of dollars to care for New Yorkers.

Through your leadership and executive action, your administration can address these pressing issues at the heart of assisting the most vulnerable New Yorkers. Thank you for your attention to these critical issues. We would welcome the opportunity to discuss these matters at your earliest convenience. Sincerely,

Larry Robbins
Chair

Wes Moore
Chief Executive Officer

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Beatrice W. Welters • CEO Wes Moore



CC:

First Deputy Mayor Dean Fuleihan
Dr. Herminia Palacio, Deputy Mayor for Health and Human Services
Melanie Hartzog, Director, Office of Management and Budget
Lisette Camilo, Commissioner, Department of Citywide Administrative Services
Honorable Corey Johnson, Speaker, New York City Council
Honorable Laurie Cumbo, Majority Leader, New York City Council
Honorable Daniel Dromm, Chair, Committee on Finance, New York City Council
Honorable Ben Kallos, Chair, Committee on Contracts, New York City Council
Honorable Stephen Levin, Chair, Committee on General Welfare, New York City Council
Honorable Mark Levine, Chair, Committee on Health, New York City Council
Honorable Helen K. Rosenthal, Chair, Committee on Women & Gender Equity, New York City Council
Honorable Scott M. Stringer, New York City Comptroller
Honorable Jumaane Williams, New York City Public Advocate
Honorable Eric Adams, Brooklyn Borough President
Honorable Ruben Diaz, Jr., Bronx Borough President
Honorable Gale Brewer, Manhattan Borough President
Honorable Melinda Katz, Queens Borough President
Honorable James Oddo, Staten Island Borough President

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